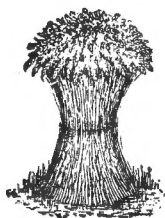


.Pam
338.173
S897i

The International Situation

AS IT AFFECTS

The Canadian Wheat Industry



AN ADDRESS BY

H. G. L. STRANGE,

Director, Research Department, Searle Grain Co. Ltd.

TO THE

REGINA BOARD OF TRADE

REGINA, SASK.

11096

THE INTERNATIONAL SITUATION

AS IT AFFECTS

The Canadian Wheat Industry

Western Canada made its first export of wheat in 1876—62 years ago—.The shipment consisted of 857 1/6 bushels, and was made from Winnipeg. Since this date the Prairie Provinces have produced, it has been calculated, 8.9 billion bushels of wheat, worth 10.2 billion dollars. The amount exported out of Canada during the same 62 years has been 6.1 billion bushels worth 7.2 billion dollars.

During this period, as would naturally be expected of course, this great industry, which has brought so much wealth to Canada, has been obliged to face, from time to time, many problems, notably those of production and of price per bushel.

In addition, from time to time, a good deal of discussion has taken place regarding the method of marketing, that is to say the method of transferring the wheat from the producers to the world buyers. It is interesting to note, however, that in spite of all the discussions and arguments that have taken place, and in spite of many official inquiries that have been held, and in spite even of different methods of marketing that have been tried from time to time, the system of the open futures market is still considered to be the best; at least no other has supplanted it. It is also worthy of note that no plan has been designed that will move wheat from producer to consumer any cheaper than the private grain trade and the open futures market has done for so long. The reason that no other plan has been designed is probably because no product in the world has ever been moved between producer and consumer so cheaply as wheat, all as has been revealed by the many official inquiries that have taken place; it is highly probable, therefore, that there is little or no margin for saving here to take place, as the present cost, or the spread between producer and consumer, is relatively small in any event. The average price for the past 50 years for No. 2 Northern, Fort William, has been \$1.14 a bushel.

14.7.27

During all these 62 years, however, there never has been any question about the ability of the world to take all the wheat that Canada could produce, and was willing to move to the markets of the world. Eager buyers were always available to take at some price all the wheat produced. To-day, however, we are faced with an entirely new problem, which is that for the first time in 62 years, the world is not willing to take anything like all the wheat we have for export from the present acreage sown annually to wheat, i.e. about 25 million acres.

The longtime average yield of prairie wheat is approximately 16½ bushels to the acre, and because rust has been conquered, and because scientific knowledge about agricultural matters is increasing, there seems to be no reason to think but that this average yield will be maintained. The prairie Provinces can expect, therefore, it would appear, over a term of years, to produce from 25 million acres, approximately 400 million bushels a year, which would leave for export something between 250 and 300 million bushels a year.

This year, however, the world, it seems, is only willing, or perhaps only able would be a better term, to take 150 million bushels (which will leave us on August 1st next with a surplus of 100 million of unsold wheat, which is at least 50 million more than a normal or needed "carry-over").

If, then, the present purchasing power of the world continues, and should not improve, it appears therefore—barring of course some catastrophe to a large wheat area that might occur somewhere in the world—that the world's demand for Canadian wheat will not improve during the next few years; my own thought is perhaps for the next 7 or 8 years. I say 7 or 8 years because I believe that at the end of that period we shall have very little trouble in selling all the wheat we can produce, and that for two reasons:—

(1) That the population of the world is steadily increasing each year at the rate of approximately 1% per annum, which means a steady increase each year in the demand for wheat by a large annual amount, and—

(2) That the world's consumption of wheaten bread, and particularly of **good** wheaten bread, will tend to increase because almost every Government is now becoming concerned about the low state of the nutrition of its people.

The problem, therefore, of selling about 100 million more bushels of wheat than we have done this year will, I for one feel, be with us, as I have stated, for some 7 or 8 years to come, unless the present international situation changes for the better.

REDUCED SALES WILL BE SERIOUS MATTER

How serious a matter for the prairies is this decline in the demand for Canadian wheat? I think it cannot be emphasized too strongly that it will be, if it continues, nothing less than a disaster.

The whole economic structure of Western Canada has been built up and capitalized—and much of the capital borrowed still is to be repaid—on the assumption that an amount of revenue would continue to come each year to the West, from an annual export sale of between 250 and 300 million bushels of wheat. If the West is to accommodate itself to an export sale of only 150 million bushels, however, then unquestionably there would be a most serious decrease in farming population, and many services, most of the amenities and many even of the necessities of life would have to be curtailed. Schools, Universities, gravel and other good roads, professional services, mercantile and banking services could not be maintained in their present condition. Numbers of hamlets, villages and towns would disappear, populations of cities would decline; or, in a nutshell, the whole Prairie population would become seriously diminished, and the standard of living of the remaining farmers and others would become seriously lowered.

The maintenance, therefore, of overseas sales of our wheat, during the next 7 or 8 years, at from 250 to 300 million bushels a year would seem to be vital for the well-being of the whole of the West. The well-being of the West, of course, affects also to no inconsiderable extent, the welfare of the people of Eastern Canada, for on every bushel of wheat that is exported, 30 cents goes directly to people other than farmers for its processing, transportation and distribution; and the bulk of this 30 cents stays in Eastern Canada.

And of course, the entire sum that farmers receive in turn for all their wheat sold, is enjoyed by those who make goods and commodities for, and render services to, farmers; and the bulk of this entire sum too is enjoyed, in the end, mainly by the people in Eastern Canada. People in the East, therefore, as well as those in the West, would be seriously harmed if the great Western wheat industry were to be considerably curtailed.

WHY HAVE WHEAT SALES DECLINED?

Why has the world's demand for Canadian wheat declined from an annual average, a few years ago, of 300 million now to 150 million. Simply because the world's total demand for export wheat itself has declined from about 800 million bushels a year to some 550 million bushels.

Why in turn has this drop taken place? Are the European nations now growing their own wheat? The answer definitely here is "No." It is true that some countries have increased their acreage in wheat in recent years, but the amount of this increase has not been much more than would take care of the increase in population. The real truth is that the consumption of wheat, mainly in the form of bread, by the wheat-eating people of the countries of the world, has declined in recent years by about one-fifth of a bushel per person.

Were the people of the world today eating as much wheaten bread per person as they did as recently as 5 years ago, then far from being any surplus of wheat in the world, there would now be a need for a considerable increase in acreage.

Why are the people eating less bread? Is it perhaps because they are consuming more meat, eggs, bacon and other fats, milk, butter, cheese, vegetables, fruits and so forth? In the United States and Canada this is probably true to some extent, but the answer is "No" for most of those countries of the world which are the usual customers for Canadian wheat. (92 countries in all on the average.)

Then the only answer must be that people are consuming less total foodstuffs now than they were a few years ago. Yes! that seems to be the correct answer. Then, it might be asked, do the people like this smaller consumption of foodstuffs? Do they enjoy it? The sad answer is that they certainly do **not** enjoy it. Actually they need more wheat, more bread and other foodstuffs, are most anxious to secure more, and millions are suffering from the lack of sufficient food.

PEOPLE NEED MORE FOOD

Several surveys have recently been made on the state of the nutrition of the people of the world. Sir John Boyd Orr, one of the world's most famous experts on the nutrition of people and animals, in 1937 published the result of an intensive survey he

GERMANY AND CANADIAN WHEAT

*"The assertion of truth; the unveiling of illusion;
the dissipation of hate; the enlargement and instruction
of men's hearts and minds."*

In attempting an analysis of Germany as a buyer of Canadian wheat we find it necessary to make it quite clear that we are neither pro-Nazi, pro-Fascist, nor pro-Communist. We are merely humble seekers after the truth, and because we discover that the true state of affairs which we have found (and which is well known to all economists) is most seriously and adversely affecting the welfare of every Western Canadian farmer, hence of all the people of Canada, we are being bold enough to attempt to follow the injunction set out at the head of this article, and which was written a few years ago by Mr. J. M. Keynes, the eminent English economist.

German Imports of Wheat

For the five years 1924 to 1929 Germany imported an average each year of 79 million bushels of wheat, of which total Canada supplied 15 million bushels; but for the most recent five years, that is from 1933 to 1938, Germany imported only an annual average of 16 million bushels of which Canada supplied 2 million.

Why this great reduction in Germany's wheat imports (and the same proportionate reduction has occurred with Italy and a number of other European countries)? Are these countries themselves producing all the wheat they need? The answer definitely is "No" for during this period Germany has only increased her wheat acreage by some 640,000 acres.

Are, then, the German people eating larger quantities of meat, ham, bacon, fats, butter, milk, cheese, vegetables, fruits and so forth? Again "No". All the evidence obtainable indicates that the German and other European people are consuming less than previously of these protective foodstuffs, in spite too of an increase in their populations.

The truth is that the German people have available to them considerably less food per person than they had between 1924 and 1929, and even still less than they had before the War. In short, authoritative evidence reveals that since 1930 the German people have been badly under-nourished, and furthermore that they need much more wheat and other foodstuffs than they are now consuming. Statements made by their officials reveal, too, that Germany would be very glad to purchase much more food if the possibilities were given to her for doing so.

What Curtails Purchases

We all know that Canada, the United States, Australia, and the Argentine now have large quantities of unsold wheat, butter, meats and other foodstuffs, and surpluses of cotton, wool, oil and other raw materials, which surpluses are not only costing these countries money to carry, but are also depressing the price to producers. Why, then, it might be asked, do not Germany, Italy and other countries purchase these foodstuffs and other surpluses which their people so badly need?

The simple answer to this question is that Canada, the United States, Australia and other countries require foreign exchange or their own money for the products they sell. They will not accept the paper money of Germany or of other countries. The only way that Germany and other nations can

obtain foreign exchange—or Canadian and American dollars—is by selling their own goods to other countries.

Since the end of the Great War, unfortunately, it seems that the countries which hold the surpluses of foodstuffs and raw materials appear to have done their best to stop German and other goods coming into their lands, therefore automatically these same countries have stopped Germany from importing the foodstuffs and raw materials necessary for the well-being of the German people.

How was all this done by such countries as the United States, Canada and others? In a very simple manner. By increasing to great heights the tariffs imposed against foreign goods, by the Customs Departments fixing arbitrary prices, and by setting up quotas, and other restrictions against foreign trade.

Hungry People Fight

Recorded history, for a period of 5,000 years, reveals that it has ever been the custom of countries which found it impossible, or too difficult, to secure the foodstuffs and raw materials their people needed, finally to have recourse to the sword—to war—in a frantic endeavour to win for themselves the lands which produced the needed products.

So often has this been done, that students of history have coined short phrases that describe the forces at work, such as:—"If goods don't cross frontiers, armies will". "When children cry for want, men will fight for food". "It's trade or fight", and that the old motto "What we have we hold" must be changed to "What we have we share".

On the other hand, very seldom it seems are countries where people are reasonably well fed, clothed and sheltered, anxious or willing to go to war.

Germany and Italy today are, it appears, being driven to follow the age-long custom. They are seeking to win by the sword lands that produce the foodstuffs and raw materials necessary for the well-being of their people, and which good things they cannot obtain in sufficient quantity by the usual means of peaceful trade and commerce.

Past History

To obtain the background of the present situation it is necessary to examine Germany's economic history since the Great War. Before the War, Germany like England was an industrial country; she could not feed all her people; she had

to import vast quantities of foodstuffs and raw materials each year to feed, clothe and shelter her population of 65 millions. Of these imports 85% were paid for by the export of German manufactured goods, and the other 15% were paid for by the profits of her shipping, foreign banking and the foreign investments her people held abroad as the result of their past thrift.

After the War, it will be remembered, the winning Allies expropriated entirely the whole of Germany's shipping, banking and foreign investments. Germany, therefore, obviously had to export at least 15% more goods than she had done before the War, if she were adequately to feed, clothe and shelter her men, women and children; but the Allies also imposed reparations upon her, all of which made it necessary, it has been computed, for her to sell abroad at least 25% more goods than she had done before the War. The Allied countries, however, soon began to raise their tariffs, to manipulate their currencies, and to impose quotas, artificial prices and other restrictions against German trade, which resulted by 1927 in Germany selling abroad not 25% more of her goods, but actually 35% less than she had done before the War. This condition would have made it quite impossible for Germany to import sufficient foodstuffs and raw materials to feed, clothe and house her people properly, had it not been for one important factor, which was that the United States and Great Britain during this period made vast loans of foreign exchange to Germany, which alone made it possible for the German people to secure the products they required during those particular years.

People Now Desperate

In 1929, however, these loans completely "dried up" so that by 1930 the German people were in a most serious situation from the point of view of obtaining a sufficiency of food. Discontent was rampant, unemployment was serious and revolution was feared; yet instead of attempting to make trade easier for Germany, most of the countries of the world made it still more difficult for her by raising their tariffs still higher—with the hope of trying to protect their own industrialists by keeping out German goods. The result of this frustration, discontent and suffering in Germany was the rise of Mr. Hitler, and the adoption by the people of his policy of re-arming, and of attempting to take, by force, or by the threat of force, lands that produce the foodstuffs and raw materials that had been denied to Germany by means of reasonable international trade and commerce.

That, today, is still the situation, and Mr. Hitler's statement in his broadcast of January 30th set it out clearly when he stated: "We want to buy food and raw materials and to sell in exchange our goods. We must export goods to enable us to buy food. The German people must export goods or die."

Wilson's Foresight

It is interesting to note that President Wilson when he offered the Germans his "Fourteen Points", realized that it would be necessary for Germany, if her people were to be properly fed and clothed, to be able to export more of her goods, for Point No. 3 read as follows: "The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance." Unfortunately, as has been shown, no attention was paid by the Allies to President Wilson's "Fourteen Points" nor to this important economic principle.

Count Brockdorff-Rantzau, who represented Germany at the peace conference said "The treaty as actually imposed meant

that Germany would not be in a position in the future to give bread and work to her numerous inhabitants. Those who sign the treaty" he said "will sign the death sentence of many millions of men, women and children." Mr. J. M. Keynes, a representative of the British Government at the Peace Conference said "I do not know of any adequate answer to those words of Brockdorff-Rantzau, and" added Mr. Keynes, "I fear that hungry people may not always lie down and die peacefully."

Mr. Keynes then in protest resigned from the Conference.

It will be remembered that Sir Josiah Stamp, an acknowledged authority on international affairs, stated in 1932 as follows: "The stupidity of democracies and the cupidity of political parties have combined to complete the wreck of Germany." And Dr. Donne, economist of Columbia University, wrote "That the restrictions imposed upon Germany were without parallel in history, and reduced her people to the most absolute economic servitude."

Since 1930 Germany's trade with the world has become worse and not better, and her exports, and so her imports, this last year are considerably less than they were a year before. The situation, therefore, is aggravated today rather than bettered, as will be seen by Mr. Hitler's cry almost of despair about the necessity of Germany exporting more goods or dying.

Peace Can be Made

It is quite apparent that the condition is bad to say the least. It is not too late, however, in our opinion, to remedy the existing difficult situation, to repair the wrong done by the harsh Versailles Treaty. It is never too late, fair-minded people consider, to make amends, and it is suggested that Canada, one of the greatest sufferers, by reason of her great surplus of wheat—the direct result of the Versailles Treaty—should take the first step by calling a world-wide economic conference by which the countries producing surpluses shall offer real appeasement to the "Have Not" countries by lowering tariffs and by removing restrictions to international trade; all so that the German and other European peoples can, by means of the sale of their own goods abroad, be properly fed, clothed and housed. We are bold enough to predict that then the present frustration and irritation of the German and Italian and other people would die away, that disarmament could proceed, and that the blessings of peace and of international goodwill would be with us once again.

This should be done, not only because it will be most advantageous to Canada in helping to sell her wheat, and so in improving the price of wheat, but also from the simple point of view of decency, justice and fairness to other nations, and perhaps more particularly should it be done from a humanitarian point of view; for it does not seem quite right that certain countries should hold large unneeded surpluses of foodstuffs when men, women and children in other parts of the world are suffering from hunger and from malnutrition.

Dr. Benjamin M. Anderson, eminent American economist, wrote in 1923: "The best thing which could happen to the world would be the restoration of production and exports from Germany, and from Europe as a whole—the restoration of a circle of trade which would stimulate activity in all countries."

It is even more important, we suggest, that the policy recommended by Dr. Anderson should be put into effect today than it was in 1923 when he first proposed it.

—(Searle Grain Company, Ltd.)

had made, entitled Food, Health and Income, and he gave it as his opinion that at least 50% of the people even in Great Britain were sadly underfed and under-nourished.

A more recent and more extensive inquiry has been concluded by the League of Nations, and the conclusion of their report reads as follows:

“We have shown that in countries of the most diverse economic structure, and general level of consumption, appreciable sections of the population are, for one reason or another, failing to secure the food which is essential to their health and efficiency.

Millions of people in all parts of the globe are either suffering from inadequate physical development, or from disease due to malnutrition, or are living in a state of sub-normal health, which could be improved if they consumed more or different food.

That this situation can exist in a world in which agricultural resources are so abundant, and the arts of agriculture have been improved that supply frequently tends to outstrip effective demand, remains an outstanding challenge to constructive statesmanship and international co-operation.”

Now apparently we have a seeming paradox to be examined.

On the one hand we have Canada, the United States, Australia, the Argentine and other countries with vast surpluses of unsold and unwanted wheat.—Incidentally, too, it is estimated that Canada has also no less than 16 million pounds of unwanted butter, and the United States also 210 million pounds of unwanted butter besides vast quantities of unwanted meats, bacon, hams, cheese and certain kinds of fruits and vegetables—And on the other hand authorities tell us that the people in Europe, and in other parts of the world too, are suffering badly from the lack of these very foodstuffs. Why then are these people in foreign countries not buying the foods which we have in abundance, which they need, and which foods are easily available to them. The answer to this question is pathetically simple. It is that those countries, such as Canada, the United States and so forth, which hold the surpluses of foodstuffs can only sell them in return for their own kind of money—for Canadian or American dollars, for Australian pounds, etc. These countries will not take the paper money of the European people who need their foodstuffs. The only way that the European

countries can obtain foreign exchange or Canadian or American dollars or Australian pounds, is by means of the sale on the markets of the world in Canada, the United States, in Australia and other lands, of the goods and commodities which their own people manufacture or produce.

Unfortunately, those countries which hold the surpluses of foodstuffs, i.e. Canada, the United States, Australia, the Argentine, etc., seriously curtail the amount of goods from European countries which they allow over their borders. The situation today is, then, that European and other countries which need more foodstuffs, and incidentally other raw materials, such as cotton, wool, oil, rubber, copper and so forth, for the feeding, clothing and housing of their people, are unable to sell abroad sufficient of their own goods to secure sufficient foreign exchange with which in turn to purchase the necessary amount of foodstuffs and raw materials their people need.

Some have said, however, that these European countries would not buy our foodstuffs and raw materials even though they could do so. Let us hear, however, what these countries themselves have to say.

The Italian government publishes each year an official economic year book, called the "Fascist Era Yearbook", and on Oct. 28th, 1937, (Fascist Year XV) page 88, in discussing the Post War period, wrote as follows:—

"A prohibitive tariff policy was adopted by the United States; England first depreciated her currency and then closed her markets. The Ottawa agreements introduced differential tariffs throughout the British Empire. Currency dumping was practiced on a large scale by Japan and other countries. Not content with tariffs, France introduced quotas and prohibitions, followed in this by most of the European countries, and exchange regulations and blocked credits finally demoralized the markets and paralyzed foreign trade. . . .

For five long years from 1929 to 1934 Italy held out against the quotas and exchange control system. . . The Italian Government participated in all efforts made by the League of Nations and other international organizations in favor of freer trade, a policy which had the whole-hearted support of her delegates, but all was in vain. The doctrines of exasperated "Nationalism" of economic "self-sufficiency"

and of manipulated currencies prevailed, and Italy had no choice but to resort to similar measures of self-defence." . . .

Germany issued a similar statement last year. It will be found on page 246 of their publication entitled "Nazi Primer". The statement is as follows:

"Germany would in its present strained condition gladly and willingly buy from abroad the raw materials which we lack, if a sufficient possibility were given for doing so. Foreign countries, however, demand payment in foreign currency. The only way we can obtain foreign money is by exporting German goods. In a senseless manner the countries with raw materials shut out German imports and isolate themselves in their great economic enclaves—.Our exports have shrunk, therefore, in exactly the ratio that the revival of our country has increased our need for raw materials—.For that reason the German economy in industry and handicrafts finds itself in very serious difficulties. If, therefore, German industry is to put all German workers back again and to raise the production of goods to the point of doing away with German poverty, extraordinary measures are necessary in order to obtain sufficient supplies of raw materials."

Most of us, of course, heard the speech of Mr. Hitler, Chancellor of Germany, on January 30th, 1939. In this speech he said, in part, as follows:—

"We want to buy food and raw materials and to sell in exchange our goods, which are as good as other people's. Germany must increase her exports. We must export goods to enable us to buy food. The German people must export goods or die."

These sample statements by Italy and Germany have been confirmed by us from many different sources, from European people who have visited Canada, and from Canadian, British and American people who have visited Europe, and all agree that the standard of living of the bulk of the working people in Europe is very low, in some parts deplorably low, and that these people could well do with a good deal more food, including bread, and particularly of better bread, that could easily be made with a small admixture of Canadian wheat.

TARIFFS CURTAIL IMPORTS AND EXPORTS

How exactly are the importations of foreign goods into Canada, the United States, Australia and other countries curtailed? By the existing high tariffs, arbitrary assessments on the values of foreign goods, by quotas, by manipulations of paper currencies, and by other severe restrictions, all of which tend to strangle trade, and so to curtail considerably the amount of foreign goods coming in from abroad.

We are told, too, over and over again, that these foreign countries are not only capable of manufacturing but are willing, competent and anxious to supply more goods and commodities which they would be glad to give to us in exchange for the food-stuffs and raw materials which we have in excess for sale.

Canada, for instance, has a Trade Treaty with Germany. This Treaty was signed in Ottawa on October 22nd, 1936. By the terms of this Treaty Germany agrees to purchase Canadian products with every dollar she receives as a result of the sales of her goods and commodities in Canada. Furthermore Germany agrees to set aside, of the Canadian dollars she receives, a minimum of 35% for wheat alone. Inquiries that I have made indicate that Germany is faithfully and well living up to this agreement. Indeed we find that during 1938 Germany purchased 18 million dollars worth of products from Canada, and that Canada only purchased in return 10 million dollars worth from Germany. A quite easy way, then, to increase the sales of our wheat to Germany is merely for us to purchase more German goods, and exactly the same thing holds good for many other countries. The trouble is, however, that our high tariffs and restrictions against imported goods, make it very difficult now for Canadians to purchase more German and other foreign goods, yet at the same time many different items of goods which Germany and other countries produce, are useful and needed, by our farmers who grow wheat and other export products, and by other Canadians.

THE UNVEILING OF ILLUSION

Because of the present disturbed state of the world, and of the high emotions engendered, I find it necessary at this point to state that I am no Nazi, no Fascist, and no Communist, but am merely a humble seeker after the truth, and most keenly interested as is everyone else, I believe, in attempting to assist in every way in the export sales of Canadian wheat; a matter so vital for the welfare of all of us in Canada.

I am merely humbly endeavouring to assist in carrying out the injunction as laid down by Mr. J. M. Keynes, who in 1919, in discussing the Treaty of Versailles, reminded the statesmen and economists of England, that in times of international disturbance it was necessary to advocate "The assertion of truth, the unveiling of illusion, the dissipation of hate, the enlargement and instruction of men's hearts and minds."

I take leave to remind you that one of our great troubles in Canada and in other democracies is that prejudice, hatred, envy and emotion are so often unjustly and wrongly stirred up by the occasional professional demagogue, who does so take advantage of the people's good hearts and sentiments. You will remember that the famous English writer and thinker, Edmund Burke, commented on the dangers of the demagogue as follows: "A demagogue's principal business is still further to contract the narrowness of men's ideas, to confirm inveterate prejudices, to inflame vulgar passions and to abet all sorts of popular absurdities." It does seem, therefore, that we must be willing to examine international affairs from a detached point of view, and with as fair a mind as we can, and to be ever on guard against permitting prejudice to overrule reason.

WHAT IS THE REMEDY?

Now what can be done, it might be asked, to remedy the present distressing international and Canadian situation; to transfer the foodstuffs and raw materials which Canada, the United States and other countries have in great excess, to the people of those countries whose lands do not produce these essential things, and which people so badly need more food and other materials. The answer is very simple to state: It is to lower tariffs, and to remove as far as possible all present harmful restrictions against trade that have been set up since the end of the last war by the democratic countries including our own Canada.

It will be remembered that at the end of the war the late President Wilson, with his uncanny foresight and vision, saw clearly that it would be necessary for Germany and other European countries to be permitted to sell increased quantities of their goods abroad if they were to be able to import that amount of foodstuffs and raw materials necessary for the well-being of their people. (The reasons for this are well-known to all students of the state of Germany and Europe before and after the war.) To bring this

about President Wilson offered the Germans in October 1918, if they would lay down their arms, his famous "Fourteen Points." Those "Fourteen Points" were accepted by each of the other Allies. Point number three of the "Fourteen points" it will be remembered, reads as follows: "The removal, so far as possible, of all economic barriers, and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance."

But as we all now know, President Wilson's "Fourteen points" were cast aside, and far from economic barriers being removed, and an equality of trade conditions being established among the Allies, Germany, Austria, Hungary and others, unfortunately exactly the opposite took place; for in 1922 the United States with her Fordney-McCumber tariff raised her whole tariff structure by an average of 42 percent, and then in 1930, not satisfied with this, through the medium of the Smoot-Hawley tariff, increased her tariff structure by an additional 40 percent, so making a total tariff increase, between 1922 to 1930 inclusive, of 95 percent.

Canada, it will be remembered, followed suit, and soon became after 1930, one of the highest protected countries in the world. Australia, the Argentine, and other countries, which held surplus foodstuffs and raw materials, also followed suit, and these activities all together made it quite impossible for Germany and other countries, to sell sufficient of their own goods on the markets of the world to enable them to import that quantity of foodstuffs and raw materials needed for the feeding, clothing, sheltering and well-being of their men, women and children.

HIGH TARIFFS CAUSE WAR

As is now being realized, the frustration, irritation, unemployment, low standard of living and suffering of the German and other people, brought about by this condition, caused much discontent. Revolt and revolution was feared, and the whole situation soon gave birth to the rise of Mr. Hitler; and the German people reluctantly, then it seems, accepted Mr. Hitler's policy of trying to win by the sword those lands which produced the foodstuffs and raw materials which were denied, in sufficient quantity to the people, by means of reasonable and peaceful trade and commerce.

This policy is nothing new, I find, in the history of the world. Over and over again, for thousands of years, it has been followed. Historical records show us, starting over five thousand years ago,

that unless countries with growing populations, were able to secure by means of trade and commerce, or by exchange, sufficient foodstuffs and raw materials for their people, that inevitably ultimately they had recourse to the sword! They determined to risk everything by arming steadfastly, and to try to win by war, lands which produced the foodstuffs and raw materials their people needed. There is hardly a nation in the world that has not at some time or another, done this very thing. Human nature being what it is, it is probable that this ever will be the method used to secure an adequate standard of living for masses of people in over-populated countries.

Nations which in the past have followed this policy have been the Babylonians, the Persians, the Assyrians, the Ethiopians, the Mongolians, the Greeks, the Romans, the Manchurians, the Phoenicians, and then in more recent times, Spain, Holland, France, England and the United States.

So common has been this policy that students of history have coined short phrases that describe the urges and forces at work. "If goods don't cross frontiers, armies will." "When children cry for want, men will fight for food." "It's trade or fight." Some are even beginning to conclude today that the old motto of the British and other empires, "What we have, we hold," will have to be changed to "What we have we share," if war is to be averted, and if peace is ever finally to be attained in this world.

Today the great democracies of the world, the British, American, French and Dutch empires hold the greater part of the materials and foodstuffs which are needed, and it does seem as though if wars are to be averted that some reasonable method will have to be agreed upon by which these riches can be exchanged for the goods and commodities of other people, in a much freer way than is being practiced today.

PRESENT SITUATION NOT NEW

It would seem then that the present sad situation in the world is no new thing. It is really almost normal, but it seems a pity that it should be so, for no benefit whatsoever accrues to the people of Canada and the United States because they hold these vast unsold surpluses of foodstuffs and raw materials. On the contrary in fact, their producers would be better off if they were permitted to exchange, even if only by simple barter, these surplus riches for the goods and commodities that other people are willing to give

in exchange, for these surpluses, by their weight on the market, lower considerably the prices of the smaller amounts that actually are sold.

I find in my reading of history that many wars have been caused by these and similar restrictions set up against international trade. Economists, philosophers, and thinkers throughout the ages have ever commented on the fact, and all have agreed that the best interests of the people of the world would be served, and the highest standard of living attained, if exchanges of products, goods and commodities were as free between nations, and as unrestricted, as possible; just, for instance, as exchanges are today between the various states in the United States or between England, Scotland and Wales in Great Britain.

The famous English writer, Addison, in "The Spectator," just over 200 years ago, wrote as follows:—

"Nature indeed furnishes us with the bare necessities of life, but traffic gives us greater variety of what is useful and at the same time supplies us with everything that is convenient and ornamental. . . Nature seems to have taken a particular care to disseminate her blessings among the different regions of the earth, with an eye to mutual intercourse and traffic among mankind, that the natives of the several parts of the globe might have a kind of dependence upon one another, and be united together by their common interests. Almost every degree of 'latitude' and 'longitude' produces something peculiar to it. The food often grows in one country and the sauce in another. The single dress of a woman of quality is often the product of a hundred climates. The muff and fan come together from the different ends of the earth. The scarf is sent from the torrid zone and the tippet from beneath the pole. The brocade petticoat rises out of the Mines of Peru and the diamond necklace out of the bowels of Hindustan. Our ships are laden with the harvest of every clime."

THE HARMFUL EFFECTS OF HIGH TARIFFS

But high tariffs and restrictions to trade which prevent the easy distribution of products as envisioned by Mr. Addison, harm the Canadian wheat producers and the producers of all export materials, and all industrial workers and all consumers, in the following ways:—

(a) They increase the cost of the things farmers buy. (According to the Searle Index it costs farmers today 33% more for the same articles of the same quality than it did in 1914. A great deal of this additional cost being caused by tariffs.)

(b) They curtail foreign markets; as we observe with our great surpluses of wheat and butter, but which products are actually needed by the people of other countries.

(c) They lower the price of the smaller amounts that are sold; because of the weight upon the market of the unsold surpluses.

(d) They cost vast sums in taxes for the cost of armaments.

(e) Finally they are a most certain cause leading to war.

The reasons so far that I have discussed for the desirability of a much freer exchange of foodstuffs and raw materials for goods and commodities, are purely economic, and for the purpose of averting war. On the other hand there is another reason why I believe tariffs should be lowered, and restrictions to trade removed, and the riches of the world made better available to those who cannot produce them, and that is from the point of view of Fair-play of Justice to others.

It does not seem quite right somehow for countries which have had the good fortune to be able to occupy, or to win by force, lands which produce a plentitude of foodstuffs and raw materials, to refuse to make these riches easily available to people in other countries of the world, particularly to people who suffer from the lack of these good products.

A HUMANITARIAN POINT OF VIEW

But there is still a more important, and much higher ground upon which to appeal for the freer and more equal distribution of foodstuffs and other products between the peoples of the world, and that is from a Humanitarian or Spiritual point of view.

I find in my reading that the poets usually seem to have an uncannily true vision about the future. Poets appear to be able to know, and have set out through the medium of their poetry, how human beings are expected to conduct themselves. We all realize I think, that some of the best poetry is contained in the Bible, and that there will be found also a great deal of guidance from the point of view of philosophy, economics and sociology.

For instance we find in Proverbs, 11th chapter, 26th verse the following:—"He that withholdeth corn, the people shall curse him, but blessings shall be upon the head of him that selleth it."

The ancient writer who set down this piece of wisdom no doubt had observed, and had heard, that trouble somehow always ensued when foodstuffs which were available were not distributed to the hungry people.

Then I draw attention to a verse from John Milton's famous play "Masque Comus" which he wrote in 1634, and which deals to a great extent with the whole subject that I am here discussing:—

"Wherefore did Nature pour her bounties forth,
With such a full and unwithdrawing hand,
Covering the earth with odours, fruits, and flocks,
Thronging the seas with spawn innumerable. . . .

To deck her sons; and, that no corner might
Be vacant of her plenty, in her own loins
She hatched the all-worshipped ore and precious gems,
To store her children with. . . .

If every just man that now pines with want
Had but a moderate and beseeming share. . . .

Nature's full blessings would be well-dispensed
In unsuperfluous even proportion,
And she no with encumbered with her store;
And then the Giver would be better thanked."

CONCLUSION AND SUGGESTIONS

AN INTERNATIONAL MEETING

What, therefore, can be done to better the present situation on any, or on all of the grounds that I have mentioned. The answer appears to be clear enough. It is that Canada, the United States, Australia, the Argentine, Holland, Great Britain, France and the Scandinavian countries—the great democracies whose lands produce the greater part of the world's surplus foodstuffs and raw materials—should as quickly as possible lower their tariffs, and remove those other restrictions against international trade which are now strangling the exchange of products, goods and commodities between the peoples of the different nations of the world. Perhaps this could be better done if an economic conference were to be arranged between the democracies and those nations which must import products and raw materials, to feed, clothe and shelter their people.

Of all the surplus producing countries in the world, I think Canada today is the country, in proportion to population, that is the most adversely affected by the present situation. Canada, too, I believe is, at the moment, a country that enjoys to a great extent the confidence and respect of the Totalitarian nations. Under these circumstances I suggest that it might be a good thing if Canada herself were to call such an international economic meeting. The purpose of the meeting, of course, would be to bring about an increase in international trade through the methods discussed, and which have been, and are being daily, recommended by economists and thinkers in almost every country.

THE WEST NEEDS ASSISTANCE

To bring all this about, however, will take time and in the interim the Canadian and world wheat surplus will remain—unless some climatic catastrophe occurs somewhere in the world—with prices consequently far below the cost of production to the wheat growers. It seems only fair, therefore, under these circumstances, that the Dominion government should continue financial assistance to Western farmers at least on the same scale as was granted this last year; not as a **bonus** but rather as **compensation** for the substantial bonus of 47 million dollars which, for many years past, has been paid by prairie people towards the upkeep and welfare of the manufacturing industries of Canada, through the medium of

the tariff protection which many of these industries have so long enjoyed.

Some have feared that the 80 cent minimum price guarantee for No. 1 Northern in store Fort William may have induced farmers to increase their wheat acreage. I think such a view is incorrect, for I calculate that for the bulk of farmers to be as well off as they were in 1913-14—and many complained even then they were none too well off—the price of wheat for No. 1 Northern Fort William would have to be \$1.10 a bushel, this for the reason that it costs prairie farmers today, as revealed by the Searle index, 33% more for living and production than it did in 1913-14. This increased cost in no small measure having been brought about by increases in tariffs.

Then again it can well be argued, I think, that the accumulation of the wheat surplus itself, with the consequent low prices, has been a direct and most definite effect of the tariff protection given to the manufacturing industries of Canada, and which industries support, both directly and indirectly, only a minority of the people of Canada.

BARTER WHEAT AND BUTTER FOR GOODS

Our Government might well consider too, I suggest, the exchange—perhaps by means of simple barter with Germany and with other countries—of some of our surplus wheat and butter for manufactured goods which our Canadian farmers and others can utilize; and as an emergency—and here is the whole kernel of this recommendation—I suggest that for the time being the extra goods and commodities which might be imported, and which obviously are **not** now being supplied by Canadian industry, and which would be exchanged for our surplus wheat and butter—which latter product cannot now find a market—should come in **free of duty**, and should be distributed to the people, in a manner, and for prices, that the Government might easily arrange. Perhaps these goods might all be distributed and sold, less duty, to the people of Western Canada, so that Eastern markets might not be upset.

The important thing it seems to me to be done, however, is first to clear away the surpluses, and so give price a chance to rise, and then to make the surplus available to the hungry people of the world who need them, and so certainly lessening the tendency to war with all the cost and suffering that war would mean.

NEW TRADE TREATIES ARE HELPING

The United States, through the splendid policies being quietly implemented by the Hon. Mr. Cordell Hull, Secretary of State, is attempting to arrange Treaties with foreign countries, putting into effect lower tariffs. Canada too, has just concluded a Treaty, which lowers tariffs, with Great Britain and the United States. These are all splendid actions and will undoubtedly bring good results, and Canada and the United States, I am sure most people will agree, are to be highly congratulated.

But these actions are really only in the nature of the first few halting steps of a man who has been bedridden for 20 years, and who now needs to learn to walk steadily and then faster with the hope that some day he may even run. Similar lower tariff trade Treaties, therefore, need to be arranged with as many other countries as possible; then trade would be substantially increased, a greater demand for Canadian wheat would spring up, surpluses would soon disappear, prices would rise, and the farmers of the West once again would be able to stand on their own economic feet, as they have done for the greater part of the last 62 years.

Winnipeg, February 21st, 1939.

